



NEWS RELEASE

NSLC Announces First Quarter Results

HALIFAX, September 10, 2010 – The Nova Scotia Liquor Corporation (NSLC) released its first quarter results today (April 1, 2010 to July 4, 2010). The NSLC follows a 13 week quarter with the first and last week of each year being adjusted to fit the fiscal year end. As a result this first quarter of the fiscal year includes 6 more selling days including the important Canada Day period, when compared to the first quarter of last year.

For the three month period, the NSLC recorded net income of \$60.0 million on sales of \$153.7 million. This represents an increase in net income of 13.8 per cent when compared to the first quarter last year, with the previous year earning \$52.7 million of net income on sales of \$138.6 million. The net sales increase for the first quarter was 10.9 per cent. All results that follow are impacted by the extra selling days.

“The majority of this sales growth was driven by the extra six selling days in the quarter,” stated Bret Mitchell, President and CEO, NSLC. “Without these extra 6 selling days, NSLC sales increased 1.2 per cent.”

Earnings before depreciation and amortization for the first quarter was \$62.6 million, an increase of 13.9 per cent compared to \$55.0 million last year.

Sales for the first quarter increased by 10.9 per cent. The breakdown by product category for the quarter was:

Beer	↑ 10.6 per cent
Wine	↑ 13.9 per cent
Spirits	↑ 8.7 per cent
Ready-To-Drink	↑ 15.7 per cent

When looking at the total product volume sold, which is measured in hectolitres, the NSLC’s retail and wholesale sales grew by 9.8 per cent over last year with 227 thousand hectolitres sold, compared to 207 thousand hectolitres sold last year.

The volume breakdown by product category for the first quarter increased by 9.8 per cent and the breakdown by category was:

Wine	↑ 10.7 per cent
Beer	↑ 9.7 per cent
Spirits	↑ 8.1 per cent
Ready-To-Drink	↑ 12.5 per cent

The NSLC’s Operating Expense Ratio including amortization and depreciation for the first quarter was 14.9 per cent compared to 14.6 per cent reported over the prior year.

Business Highlights

ECO SALE

The NSLC held its 2nd annual ECO-SALE in April, where NSLC customers and suppliers to give back to their community and help the environment. The ECO SALE promotion offered customers special discounts on select products and for every select product sold, participating suppliers made a donation to the NSLC Adopt-A-Stream program.

Key suppliers like Labatt, Bacardi and Molson participated in the ECO SALE. In total, 46 products were on promotion raising over \$113,000, which will be used to fund the NSLC Adopt-A-Stream program and help community groups across Nova Scotia protect and restore their local watersheds. The NSLC has made a five year, \$500,000 commitment to NSLC's Adopt-A-Stream and will provide a minimum of \$100,000 in funding every year.

Plant a Tree with the NSLC

Based on the success and popularity of last year's celebration of Earth Day, the NSLC distributed 15,000 spruce seedlings to be planted by NSLC employees and customers. The 15,000 trees have the potential to offset almost 2500 metric tonnes of carbon dioxide, in addition to providing shade and windbreak. Many communities throughout the province will enjoy the long-term benefits that these trees will provide such as preventing erosion, producing oxygen and removing toxins from the soil.

Safe Boating Campaign

The NSLC partnered with the Lifesaving Society of Nova Scotia in June to promote the important message of Safe Boating. Posters were featured throughout the NSLC retail store network, showing a boat driving down a highway encouraging customers to "think about it".

Wine Promotions

Fuzion Wine was launched in April and was supported by a successful in-store and external marketing program. This wine has proved to be very popular in other markets and there was a growing customer demand for this product in Nova Scotia. Fuzion accounted for 31 per cent of volume growth in wine during the first quarter.

Other innovative wine promotions on products such as French Cross and Sawmill Creek four litre also contributed to the growth in this category.

Beer Promotions

One-time-only offers on Keith's and Budweiser products contributed to the volume and sales growth in the beer category for the first quarter. Labatt offered Keith's 341ml bottles in an 18-pack and at a special price and during the month of April they donated \$1 of every 18-pack sold to NSLC's Adopt-A-Stream. Budweiser also offered its 355ml cans in a 15-pack promotional format and at a special price during the months of May and June.

Molson launched Molson M in April and this, combined with the NHL playoffs and great weather during this three month period, also contributed to volume growth in the beer category.

Spirit Promotions

Solid growth in the spirits category for the first quarter can be attributed to successful promotions and strong sales in vodka and flavoured rum segments.

Limited time offers on Smirnoff drove strong sales in the vodka category, with \$2.50 off of 1140ml in May and \$1.50 savings on 750ml in June. Iceberg Vodka was also on promotion and contributed to the sales lift in this category, with \$1.00 off of 750ml in April and 3\$ off of 1140ml in June.

Spiced rum experienced strong sales with visually-pleasing displays and limited time offers on all 3 major brands: Captain Morgan, Sailor Jerry and Lambs Black Sheep. \$1.50 off of Malibu White and Melon also contributed to the strong sales in the flavoured rum sub-category.

Antigonish Wine Tasting and Food Pairing Event

On April 23, the NSLC partnered with Gabrielle's Bistro and the St. Martha's Regional Hospital Foundation to deliver a wine tasting and food pairing event at the Keating Millennium Centre in Antigonish. More than 140 guests had the opportunity to sample an array of limited selection wines, paired with delicious food. A portion of the ticket proceeds went to the St. Martha's Regional Hospital Foundation, which supports the hospital by providing funds for medical equipment, research and education.

Store Development

The NSLC continues to make store improvements to its store network to better serve its customers. Renovations were recently completed at the NSLC Bayers Lake store and include new and improved in-store design and an addition of a Port of Wines section in the center of the store. The store is also planning to provide a new chilled Beers of the World section. This renovation added 260 additional products to this store's offering.

Renovations are now complete in the Mill Cove store and include an additional 785 square feet of warehousing space and an improved Port of Wines section. This renovation added 400 additional products to this store's offering.

Board Expenses

The NSLC released the Board of Directors expenses for the first quarter. These expenses amounted to \$13.14 per director, per day. An electronic version of these expenses is available on the NSLC web site, myNSLC.com

The Nova Scotia Liquor Corporation, the largest single banner retail business in Nova Scotia, generates more than half a billion dollars of revenue a year and returns more than \$200 million profit annually to the province. It employs more than 1,500 Nova Scotians, offering over 6,000 products from around the globe through 160 retail outlets, and 2,100 licensees. The NSLC is driven to be a

sustainable and community focused organization helping to make Nova Scotia an even better place to live.

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Unaudited Financial Highlights
For the quarter ending July 4, 2010

Q1	2011	2010
Sales Volume (Hectolitres)	226,908	206,695
	\$	\$
Spirits	40,073,047	36,856,427
Wine	27,142,097	23,832,386
Beer	79,295,744	71,716,776
Ready to Drink	7,162,535	6,192,647
Non-liquor	28,980	37,513
	\$	\$
Total Sales by Category	153,702,403	138,635,749
	\$	\$
Gross Profit	82,842,704	72,966,505
Stores Operating Expense	(13,182,114)	(11,693,751)
	\$	\$
Gross Operating Income	69,660,590	61,272,755
Other Corporate Expenses & Other Earnings	(9,672,235)	(8,563,237)
	\$	\$
Net Earnings	59,988,355	52,709,518